

**BOARD OF ECONOMIC DEVELOPMENT  
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD  
TUESDAY, JUNE 13, 2017, 9:30 A.M. CT**

Members Present

Chairman Jeff Erickson, Dale Clement, Tony Klein, Sharon Casey, John Calvin, Mike Luken, Ted Hustead, Don Kettering, Pat Prostrullo, Tom Jones, Norbert Sebade, Spencer Hawley and Lee Qualm

Staff Present

Commissioner Scott Stern, Deputy Commissioner Aaron Scheibe, Cassie Stoesser, Ashley Moore, Katelyn Hump, Cassidy Kulesa, Joe Fiala, Natalie Likness, Dale Knapp and Holly Gederos

Other Staff Present

Sam Helma - BankWest, Inc.

Others Present

Bob Mercer

Call to Order

Chairman Erickson called the meeting to order at 9:33 a.m.

Agenda

A motion was made by Tony Klein and seconded by Ted Hustead to approve the agenda as presented.

Motion passed by a roll call vote.

Minutes

A motion was made by Dale Clement and seconded by Mike Luken to approve the minutes of the meetings held May 9, 2017, June 1, 2017 and June 2, 2017, as presented.

Motion passed by a roll call vote.

Conflicts Disclosure

Chairman Erickson opened the floor for committee members to identify potential conflicts under SDCL Chapter 3-23. Sharon Casey declared a potential conflict on City of Chamberlain as she serves on the Lake Francis Development Corporation Board and City Housing Commission and announced she would abstain from the matter. The Chairman opened up the floor for questions and discussion concerning the potential conflicts; there were none from committee members and no objection to proceeding with the agenda.

Executive Session

A motion was made by Don Kettering and seconded by John Calvin to enter into executive session at 9:40 a.m. to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants.

Motion passed by a roll call vote.

Executive Session Report

The Chairman declared the board out of executive session at 10:32 a.m. The Chairman reported that the Board of Economic Development entered into Executive Session to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants. No action was taken.

A motion was made by Don Kettering and seconded by Dale Clement to approve the chairman's report from executive session.

Motion passed by a roll call vote.

#### Loan Review Summary

Intrinsic Materials, Corp., Marmen Energy Co., MDS Manufacturing, Inc., R & R Holdings, LLC and Sioux Falls Development Foundation

A motion was made by Norbert Sebade and seconded by Sharon Casey to approve the loan reviews and recommendations as presented.

Motion passed by a roll call vote.

#### Grant Reviews

Economic Development Partnership Program (Brookings Economic Development Corporation, Mitchell Area Development Corporation, Glacial Lakes Area Development (RLF) and Arlington Community Development Corporation (RLF)) and Local Infrastructure Improvement Program (Faulkton Area Economic Development Corporation)

A motion was made by Mike Luken and seconded by Ted Hustead to approve the grant reviews as recommended by staff and Grant Committee.

Motion passed by a roll call vote

#### Old Business

City of Valley Springs

A motion was made by Pat Prostrullo and seconded by Sharon Casey to approve extending the grant agreement date to December 31, 2017 as recommended by staff and Grant Committee.

Motion passed by a roll call vote

#### New Business

Omega Liner Company, Inc.

A motion was made by Don Kettering and seconded by Norbert Sebade to approve the loan request from Omega Liner Company, Inc. in the amount of \$508,750. Secured by a shared first mortgage on real estate and the personal guarantees of a principals with 10% or more ownership.

The loan is approved according to the terms and conditions of the commitment letter; all documents may be executed on behalf of the Board by the Commissioner of the Governor's Office of Economic Development or the Commissioner's designee.

Motion passed by a roll call vote.

#### Tower Properties, LLC

A motion was made by Dale Clement and seconded by John Calvin to approve the waiver for a loan over \$1,000,000.

Motion passed by a roll call vote.

#### Tower Properties, LLC

A motion was made by Pat Prostrullo and seconded by John Calvin to approve the loan request from Tower Properties, LLC in the amount of \$1,537,500. Secured by a shared first position on the financed assets, the personal guarantees of a principals with 10% or more ownership and a corporate guaranty.

The loan is approved according to the terms and conditions of the commitment letter; all documents may be executed on behalf of the Board by the Commissioner of the Governor's Office of Economic Development or the Commissioner's designee.

Motion passed by a roll call vote.

Economic Development Partnership Program

South Eastern Development Foundation (RLF) and First District Association of Local Governments (RLF)

A motion was made by Mike Luken and seconded by Dale Clement to approve as recommended by staff and Grant Committee.

South Eastern Development Foundation (RLF)

- Approve an Economic Development Partnership grant award to the South Eastern Development Foundation (RLF) in the amount of \$125,000, to be granted in accordance with the board's Economic Development Partnership Award Policy for Revolving Loan Funds.

First District Association of Local Governments (RLF)

- Approve an Economic Development Partnership grant award to the First District Association of Local Governments (RLF) in the amount of \$250,000, to be granted in accordance with the board's Economic Development Partnership Award Policy for Revolving Loan Funds.

Motion passed by a roll call vote.

City of Chamberlain (RLF), City of Freeman and Lake Preston Development Corporation

A motion was made by Ted Hustead and seconded by Don Kettering to deny as recommended by staff and Grant Committee.

Motion passed by a roll call vote with Sharon Casey abstaining.

Local Infrastructure Improvement Program

Town of Dimock, Sioux Falls Development Foundation, City of Elk Point, City of Volga and Four Bands Community Fund

A motion was made by Don Kettering and seconded by John Calvin to approve as recommended by staff and Grant Committee.

Town of Dimock

- Approve a Local Infrastructure Improvement grant award to the Town of Dimock in the amount of \$23,350, to be granted in accordance with the board's Local Infrastructure Improvement Award Policy.

Sioux Falls Development Foundation

- Approve a Local Infrastructure Improvement grant award to the Sioux Falls Development Foundation in the amount of \$200,000, to be granted in accordance with the board's Local Infrastructure Improvement Award Policy.

City of Elk Point

- Approve a Local Infrastructure Improvement grant award to the City of Elk Point in the amount of \$200,000, to be granted in accordance with the board's Local Infrastructure Improvement Award Policy.

City of Volga

- Approve a Local Infrastructure Improvement grant award to the City of Volga in the amount of \$500,000, upon documentation acceptable to staff that the supported project is proceeding, to be granted in accordance with the board's Local Infrastructure Improvement Award Policy.

Four Bands Community Fund

- Approve a Local Infrastructure Improvement grant award to Four Bands Community Fund in the amount of \$170,000, to be granted in accordance with the board's Local Infrastructure Improvement Award Policy for Tribal Government Organizations.

Motion passed by a roll call vote.

Reinvestment Payment Program

Win Chill, LLC

A motion was made by Pat Prostrullo and seconded by Dale Clement to approve the Reinvestment Payment application to Win Chill, LLC as recommended by staff in the board packet.

Based on the representations and project description contained in the application for reinvestment payment, including but not limited to the representations concerning jobs created or retained and wages and benefits to be paid, a new or expanded facility reinvestment payment of \$360,000, but not to exceed the State Sales/Use Tax paid on eligible project costs, is approved for Win Chill, LLC. The project as completed must be substantially similar to the project described in the application and must comply with the deadlines set out SDCL Ch. 1-16G and ARSD Ch. 68:02:07. The board has considered the factors set out in SDCL 1-16G-59 and ARSD 68:02:07:04 and the likelihood the project would not be located in South Dakota absent the reinvestment payment. Staff is authorized to issue a permit consistent with the application, this approval and the applicable provisions of SDCL Ch. 1-16G and ARSD Ch. 68:02:07.

Motion passed by a roll call vote.

Adjourn

A motion was made by Dale Clement and seconded by Tony Klein to adjourn the meeting at 10:43 a.m.

Motion passed by a roll call vote.

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Dale Clement, Secretary or  
Tony Klein, Treasurer